

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

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E. O. NO. 11652: GDS

TAGS: ETRD, AR

SUBJ: EXIMBANK FINANCING FOR SODA ASH PLANT IN RIO NEGRO

AN APPROACH HAS BEEN MADE TO EXIMBANK FOR PRELIMINARY COMMIT-
MENT OF ASSISTANCE IN FINANCING UP TO DOLS 25 MILLION OF
U. S. GOODS AND SERVICES FOR 200,000 METRIC TONS PER YEAR SODA
ASH PLANT IN SAN ANTONIO IN PROVINCE OF RIO NEGRO. BORROWER
WOULD BE NEW, MIXED OWNERSHIP ARGENTINE COMPANY ALCALIS DE LA
PATAGONIA S. A. APPLICANT TO EXIMBANK IS INTERFINANCIAL COR-
PORATION, NEW YORK, WHICH HAS BEEN NEGOTIATING WITH FERRO-
STAAL AG. G., REPORTED TO BE ONE OF STOCKHOLDERS OF NEW ARGEN-
TINE COMPANY AND TO HAVE BEEN AWARDED PRINCIPAL CONTRACT FOR
CONSTRUCTION OF THE PROJECT. INTERFINANCIAL, WHICH HAS BEEN
REPRESENTED BY ONE MARCEL DEGRAYE, A U. S. NATIONAL TEMPORAR-
ILY RESIDING IN ARGENTINA, STATES IT HAS BEEN ASKED BY FERRO-
STAAL TO OFFER U. S. GOODS AND SERVICES FOR THE PROJECT AND A
DEFERRED PAYMENT FINANCING PROPOSAL. SUPPLIER COMPETITION
WITH FINANCING IS EXPECTED FROM AMONG OTHER PLACES, FRANCE,
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GERMANY, JAPAN, AND INDIA.

EXIMBANK IS ACQUAINTED TO A LIMITED DEGREE WITH LONG HISTORY OF UNSUCCESSFUL EFFORTS OF ARGENTINA TO DEVELOP A SODA ASH INDUSTRY AND WITH MORE RECENT CRITICAL PUBLICITY (REVIEW OF THE RIVER PLATE, FEB. 9, AND ECONOMIC SURVEY, BUENOS AIRES, JAN. 30) SURROUNDING PROMULGATION OF ARGENTINE DECREE 604172, AND " SOLVAY" PROCESS TO BE USED. BANK, AS EMBASSY AWARE, IS FINANCING PETROQUIMICA GENERAL MOSCONI AND HAS PRELIMINARY COMMITMENT OUTSTANDING FOR FINANCING PETROQUIMICA BAHIA BLANCA, INQUIBA CAUSTIC SODA/ CHLORINE PROJECT, ELECTROCLOR VINYL CHLORIDE MONOMER PROJECT, AND DURANOR PHENOL PLANT, ALL OF WHICH MAY HAVE SOME BEARING ON PLANS FOR THE PROPOSED SODA ASH PLANT IN RIO NEGRO. FERROSTAAL, NEVERTHELESS, WOULD APPEAR NOW TO HAVE A REAL AND SUBSTANTIAL INTEREST IN LOOK-ING FOR U. S. SUPPLY ON COMPETITIVE TERMS FOR THE SODA ASH PLANT. EXIMBANK PROVIDED FINANCING FOR U. S. GOODS AND SERVICES COMPONENT OF FERROSTAAL' S SUPPLY OF OXYGEN FURNACE AND CONTINUOUS CASTING LINE FOR SOMISA EXPANSION.

EMBASSY' S COMMENTS AND RECOMMENDATIONS CONCERNING THE SODA ASH PROJECT, ITS PROPOSED OWNERS, AND PROSPECT FOR U. S. SUPPLY WOULD BE APPRECIATED BY EXIMBANK IN ASSESSING THE PC REQUEST. ROGERS

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*** Current Classification *** LIMITED OFFICIAL USE

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